

FINDEX COM INC  
Form 10-Q  
May 20, 2009

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended March 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 0-29963

FINDEX.COM, INC.

(Exact name of registrant as specified in its charter)

|                 |                |
|-----------------|----------------|
| Nevada          | 88-0379462     |
| (State or       | (I.R.S.        |
| other           | Employer       |
| jurisdiction of | Identification |
| incorporation   | No.)           |
| or              |                |
| organization)   |                |

|               |            |
|---------------|------------|
| 620 North     | 68154      |
| 129th Street, |            |
| Omaha,        |            |
| Nebraska      |            |
| (Address of   | (Zip Code) |
| principal     |            |

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executive  
offices)

(402) 333-1900

(Registrant's telephone number, including area code)

N/A

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(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting

company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

At May 20, 2009, the registrant had outstanding 59,572,725 shares of common stock, of which there is only a single class.

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FINDEX.COM, INC.

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QUARTERLY REPORT ON FORM 10-Q  
FOR FISCAL QUARTER ENDED MARCH 31, 2009

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## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

Findex.com, Inc.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

|   | March 31, 2009 | December 31, 2008 |
|---|----------------|-------------------|
| Assets  |                |                   |
| Current assets:   |                |                   |
| Cash and cash equivalents   | \$ 386,954     | \$ 423,371        |
| Accounts receivable, trade, net                                       | 83,337         | 148,880           |
| Inventories   | 78,562         | 81,545            |
| Other current assets  | 31,423         | 58,270            |
| Total current assets  | 580,276        | 712,066           |
| Property and equipment, net   | 30,505         | 37,347            |
| Intangible assets, net  | 608,704        | 710,771           |
| Other assets  | 157,212        | 155,532           |
| Total assets  | \$ 1,376,697   | \$ 1,615,716      |
| Liabilities and stockholders' equity (deficit)                        |                |                   |
| Current liabilities:  |                |                   |
| Current maturities of long-term debt                                  | \$ 114,471     | \$ 112,908        |
| Accounts payable, trade   | 476,389        | 496,957           |
| Accounts payable, related party                                       | 102,011        | 97,200            |
| Accrued royalties   | 744,116        | 720,305           |
| Accrued payroll   | 231,348        | 205,254           |
| Other current liabilities   | 127,273        | 182,937           |
| Total current liabilities   | 1,795,608      | 1,815,561         |
| Long-term debt, net   | ---            | 8,180             |
| Deferred income taxes, net  | 6,825          | 7,500             |
| Commitments and contingencies (Note 8)                                |                |                   |
| Stockholders' equity (deficit):                                       |                |                   |
| Preferred stock, \$.001 par value                                     |                |                   |
| 5,000,000 shares authorized   |                |                   |
| -0- and -0- shares issued and outstanding, respectively               | ---            | ---               |
| Common stock, \$.001 par value  |                |                   |
| 120,000,000 shares authorized,  |                |                   |
| 59,572,725 and 54,072,725 shares issued and outstanding, respectively | 59,573         | 54,073            |
| Paid-in capital   | 7,897,780      | 7,787,779         |
| Retained (deficit)  | (8,383,089)    | (8,057,377)       |
| Total stockholders' equity (deficit)                                  | (425,736)      | (215,525)         |
| Total liabilities and stockholders' equity (deficit)                  | \$ 1,376,697   | \$ 1,615,716      |

See accompanying notes.

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Findex.com, Inc.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (Unaudited)

|  | Three Months Ended |            |
|--|--------------------|------------|
|  | March 31,          |            |
|  | 2009               | 2008       |
| Revenues, net of reserves and allowances   | \$ 578,321         | \$ 611,531 |
| Cost of sales  | 192,009            | 254,909    |
| Gross profit   | 386,312            | 356,622    |
| Operating expenses:  |                    |            |
| Sales and marketing  | 164,435            | 188,143    |
| General and administrative   | 542,088            | 510,526    |
| Total operating expenses   | 706,523            | 698,669    |
| Loss from operations   | (320,211)          | (342,047)  |
| Other income (expenses), net   | (5,501)            | 4,894      |
| Gain on fair value adjustment of derivatives   | ---                | 305,620    |
| Gain on settlement of derivative liabilities   | ---                | 450,654    |
| Income (loss) before income taxes  | (325,712)          | 419,121    |
| Income taxes   | ---                | ---        |
| Net income (loss)  | \$ (325,712)       | \$ 419,121 |
| Net earnings (loss) per share - Basic & Diluted:                                       | \$ (0.01)          | \$ 0.01    |
| Weighted average shares used in computing basic and diluted earnings (loss) per share: | 55,172,725         | 52,635,432 |

See accompanying notes.

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Findex.com, Inc.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

| Three Months Ended March 31,   | 2009          | 2008        |
|--|---------------|-------------|
| <b>Cash flows from operating activities:</b>   |               |             |
| Cash received from customers   | \$ 612,212    | \$ 681,510  |
| Cash paid to suppliers and employees   | (571,650 )    | (784,502)   |
| Other operating activities, net  | (2,350 )      | 10,157      |
| Net cash provided (used) by operating activities   | 38,212        | (92,835)    |
| <b>Cash flows from investing activities:</b>   |               |             |
| Software development costs   | (56,233 )     | (47,890)    |
| FormTool purchase  | ---           | (100,000)   |
| Other investing activities, net  | (11,780 )     | (13,860)    |
| Net cash used by investing activities  | (68,013 )     | (161,750)   |
| <b>Cash flows from financing activities:</b>   |               |             |
| Payment made for settlement of derivative liabilities  | ---           | (150,000)   |
| Payments made on long-term notes payable   | (6,616 )      | (5,865)     |
| Net cash used by financing activities  | (6,616 )      | (155,865)   |
| Net decrease in cash and cash equivalents  | (36,417 )     | (410,450)   |
| Cash and cash equivalents, beginning of year   | 423,371       | 1,134,547   |
| Cash and cash equivalents, end of period   | \$ 386,954    | \$ 724,097  |
| <b>Reconciliation of net loss to cash flows from operating activities:</b>                             |               |             |
| Net income (loss)  | \$ (325,712 ) | \$ 419,121  |
| <b>Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:</b> |               |             |
| Software development costs amortized   | 51,645        | 90,215      |
| Depreciation & amortization  | 123,696       | 109,140     |
| Bad debts provision  | 7,214         | ---         |
| Noncash operating expenses   | 70,500        | ---         |
| Gain on fair value adjustment of derivatives   | ---           | (305,620)   |
| Gain on settlement of derivative liabilities   | ---           | (450,654)   |
| Gain on sale of property and equipment   | (99 )         | ---         |
| <b>Change in assets and liabilities:</b>   |               |             |
| Decrease in accounts receivable  | 58,329        | 127,108     |
| Decrease in inventories  | 2,983         | 805         |
| Decrease in other current assets   | 26,174        | 50,920      |
| Increase (decrease) in accrued royalties   | 23,811        | (21,833)    |
| (Decrease) in accounts payable   | (15,757 )     | (31,648)    |
| Increase (decrease) in other liabilities   | 15,428        | (80,389)    |
| Net cash provided (used) by operating activities   | \$ 38,212     | \$ (92,835) |
| <b>Schedule of Noncash Investing and Financing Activities:</b>   |               |             |
| Long-term note payable issued for FormTool purchase  | \$ ---        | \$ 85,934   |
| Equity issued for FormTool purchase  | \$ ---        | \$ 40,000   |

See accompanying notes.

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Findex.com, Inc.  
Notes to Condensed Consolidated Financial Statements  
March 31, 2009  
(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by Generally Accepted Accounting Principles for complete financial statements. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results of operations for such periods are not necessarily indicative of the results expected for the full year or for any future period. The December 31, 2008 condensed consolidated balance sheet was derived from our audited financial statements at that date. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of Findex.com, Inc. included in our Form 10-K for the year ended December 31, 2008.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Significant estimates used in the consolidated financial statements include the estimates of (i) doubtful accounts, obsolete inventory, sales returns, price protection and rebates, (ii) provision for income taxes and realizability of the deferred tax assets, and (iii) the life and realization of identifiable intangible assets. The amounts we will ultimately incur or recover could differ materially from current estimates.

INVENTORY

Inventory, including out on consignment, consists primarily of software media, manuals and related packaging materials and is recorded at the lower of cost or market value, determined on a first-in, first-out, and adjusted on a per-item, basis.

ACCOUNTING FOR LONG-LIVED ASSETS

We review property and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of our carrying amount to future net cash flows the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair market value. Property and equipment to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

INTANGIBLE ASSETS

In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 142, Goodwill and Other Intangible Assets, intangible assets with an indefinite useful life are not amortized. Intangible assets with a finite useful life are

amortized on the straight-line method over the estimated useful lives, generally three to ten years.

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SOFTWARE DEVELOPMENT COSTS

In accordance with SFAS No. 86, Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed, software development costs are expensed as incurred until technological feasibility and marketability has been established, generally with release of a beta version for customer testing. Once the point of technological feasibility and marketability is reached, direct production costs (including labor directly associated with the development projects), indirect costs (including allocated fringe benefits, payroll taxes, facilities costs, and management supervision), and other direct costs (including costs of outside consultants, purchased software to be included in the software product being developed, travel expenses, material and supplies, and other direct costs) are capitalized until the product is available for general release to customers. We amortize capitalized costs on a product-by-product basis. Amortization for each period is the greater of the amount computed using (i) the straight-line basis over the estimated product life (generally from 12 to 18 months, but up to 60 months), or (ii) the ratio of current revenues to total projected product revenues. Total cumulative capitalized software development costs were \$894,844, less accumulated amortization of \$560,238 at March 31, 2009.

Capitalized software development costs are stated at the lower of amortized costs or net realizable value. Recoverability of these capitalized costs is determined at each balance sheet date by comparing the forecasted future revenues from the related products, based on management's best estimates using appropriate assumptions and projections at the time, to the carrying amount of the capitalized software development costs. If the carrying value is determined not to be recoverable from future revenues, an impairment loss is recognized equal to the amount by which the carrying amount exceeds the future revenues. To date, no capitalized costs have been written down to net realizable value.

SFAS No. 2, Accounting for Research and Development Costs, established accounting and reporting standards for research and development. In accordance with SFAS No. 2, costs we incur to enhance our existing products after general release to the public (bug fixes) are expensed in the period they are incurred and included in research and development costs. Research and development costs incurred prior to determination of technological feasibility and marketability and after general release to the public and charged to expense were \$25,175 and \$69,038 for the three months ended March 31, 2009 and 2008, respectively, included in general and administrative expenses.

We capitalize costs related to the development of computer software developed or obtained for internal use in accordance with the American Institute of Certified Public Accountants Statement of Position ("SOP") 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. Software obtained for internal use has generally been enterprise level business and finance software that we customize to meet our specific operational needs. We have not sold, leased, or licensed software developed for internal use to our customers and have no intention of doing so in the future.

We capitalize costs related to the development and maintenance of our website in accordance with Financial Accounting Standard Board's ("FASB's") Emerging Issues Task Force ("EITF") Issue No. 00-2, Accounting for Website Development Costs. Under EITF Issue No. 00-2, costs expensed as incurred are as follows:

- planning the website,
- developing the applications and infrastructure until technological feasibility is established,
- developing graphics such as borders, background and text colors, fonts, frames, and buttons, and
- operating the site such as training, administration and maintenance.

Capitalized costs include those incurred to:

- obtain and register an Internet domain name,

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develop or acquire software tools necessary for the development work,  
develop or acquire software necessary for general website operations,  
develop or acquire code for web applications,  
develop or acquire (and customize) database software and software to integrate applications such as corporate databases and accounting systems into web applications,  
develop HTML web pages or templates,  
install developed applications on the web server,  
create initial hypertext links to other websites or other locations within the website, and  
test the website applications.

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We amortize website development costs on a straight-line basis over the estimated life of the site, generally 36 months. Total cumulative website development costs, included in “Other assets” on our condensed consolidated balance sheets, were \$130,230, less accumulated amortization of \$25,460 at March 31, 2009.

### RESTRICTED CASH

Restricted cash represents cash held in reserve by our merchant banker to allow for a potential increase in credit card charge backs from increased consumer purchases. Total restricted cash at March 31, 2009 included in “Other assets” on the condensed consolidated balance sheets was \$40,000.

### REVENUE RECOGNITION

We derive revenues from the sale of packaged software products, product support and multiple element arrangements that may include any combination of these items. We recognize software revenue for software products and related services in accordance with SOP 97-2, Software Revenue Recognition, as modified by SOP 98-9, Modification of SOP 97-2, With Respect to Certain Transactions. We recognize revenue when persuasive evidence of an arrangement exists (generally a purchase order), we have delivered the product, the fee is fixed or determinable and collectibility is probable.

In some situations, we receive advance payments from our customers. We defer revenue associated with these advance payments until we ship the products or offer the support.

In accordance with EITF Issue No. 01-9, Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor’s Product, we generally account for cash considerations (such as sales incentives – rebates and coupons) that we give to our customers as a reduction of revenue rather than as an operating expense.

#### Product Revenue

We typically recognize revenue from the sale of our packaged software products when we ship the product. We sell some of our products on consignment to a limited number of resellers. We recognize revenue for these consignment transactions only when the end-user sale has occurred. Revenue for software distributed electronically via the Internet is recognized when the customer has been provided with the access codes that allow the customer to take immediate possession of the software on its hardware and evidence of the arrangement exists (web order).

Some of our software arrangements involve multiple copies or licenses of the same program. These arrangements generally specify the number of simultaneous users the customer may have (multi-user license), or may allow the customer to use as many copies on as many computers as it chooses (a site license). Multi-user arrangements, generally sold in networked environments, contain fees that vary based on the number of users that may utilize the software simultaneously. We recognize revenue when evidence of an order exists and upon delivery of the authorization code to the consumer that will allow them the limited simultaneous access. Site licenses, generally sold in non-networked environments, contain a fixed fee that is not dependent on the number of simultaneous users. Revenue is recognized when evidence of an order exists and the first copy is delivered to the consumer.

Many of our software products contain additional content that is “locked” to prevent access until a permanent access code, or “key,” is purchased. We recognize revenue when evidence of an order exists and the customer has been provided with the access code that allows the customer immediate access to the additional content. All of the programs containing additional locked content are fully functional and the keys are necessary only to access the additional content. The customer’s obligation to pay for the software is not contingent on delivery of the “key” to access the additional content.

We reduce product revenue for estimated returns and price protections that are based on historical experience and other factors such as the volume and price mix of products in the retail channel, trends in retailer inventory and economic trends that might impact customer demand for our products. We also reduce product revenue for the estimated redemption of end-user rebates on certain current product sales. Our rebate reserves are estimated based on the terms and conditions of the specific promotional rebate program, actual sales during the promotion, the amount of redemptions received and historical redemption trends by product and by type of promotional program. We did not offer any rebate programs to our customers during the three months ended March 31, 2009 and 2008.

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### Multiple Element Arrangements

We also enter into certain revenue arrangements for which we are obligated to deliver multiple products or products and services (multiple elements). For these arrangements, which include software products, we allocate and defer revenue for the undelivered elements based on their vendor-specific objective evidence (“VSOE”) of fair value. VSOE is generally the price charged when that element is sold separately.

In situations where VSOE exists for all elements (delivered and undelivered), we allocate the total revenue to be earned under the arrangement among the various elements, based on their relative fair value. For transactions where VSOE exists only for the undelivered elements, we defer the full fair value of the undelivered elements and recognize the difference between the total arrangement fee and the amount deferred for the undelivered items as revenue (residual method). If VSOE does not exist for undelivered items that are services, we recognize the entire arrangement fee ratably over the remaining service period. If VSOE does not exist for undelivered elements that are specified products, we defer revenue until the earlier of the delivery of all elements or the point at which we determine VSOE for these undelivered elements.

We recognize revenue related to the delivered products or services only if (i) the above revenue recognition criteria are met, (ii) any undelivered products or services are not essential to the functionality of the delivered products and services, (iii) payment for the delivered products or services is not contingent upon delivery of the remaining products or services, and (iv) we have an enforceable claim to receive the amount due in the event that we do not deliver the undelivered products or services.

### Discounts on Future Purchases

In connection with the licensing of an existing product, we sometimes offer a discount on additional licenses of the same product or on other products. We apply a proportionate amount of the discount to each element covered by the arrangement based on each element’s fair value. If the future elements are unknown at the time of the original sale, we apply the discount to the current product(s) purchased, defer the discount amount to be recognized pro rata over the estimated period during which additional purchases will be made (typically one year), and recognize current revenue on the remainder.

### Shipping and Handling Costs

We record the amounts we charge our customers for the shipping and handling of our software products as product revenue and we record the related costs as cost of sales on our condensed consolidated statements of operations.

### Sales Taxes

We record the amounts we charge our customers for sales taxes assessed by state and local governments on the sale of our software products and related shipping charges, as appropriate, on the net basis. As such, we report the taxes collected as a liability on our balance sheet and do not include them in product revenue in our consolidated statements of operations.

### Customer Service and Technical Support

Customer service and technical support costs include the costs associated with performing order processing, answering customer inquiries by telephone and through websites, email and other electronic means, and providing technical support assistance to our customers. In connection with the sale of certain products, we provide a limited amount of free technical support assistance to customers. We do not defer the recognition of any revenue associated

with sales of these products, since the cost of providing this free technical support is insignificant. The technical support is provided within one year after the associated revenue is recognized and free product enhancements (bug fixes) are minimal and infrequent. We accrue the estimated cost of providing this free support upon product shipment and include it in cost of sales.

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## INCOME TAXES

We utilize SFAS No. 109, Accounting for Income Taxes. SFAS No. 109 requires the use of the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

## EARNINGS PER SHARE

We follow SFAS No. 128, Earnings Per Share, to calculate and report basic and diluted earnings per share (“EPS”). Basic EPS is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding for the period. Diluted EPS is computed by giving effect to all dilutive potential shares of common stock that were outstanding during the period. For us, dilutive potential shares of common stock consist of the incremental shares of common stock issuable upon the exercise of stock options and warrants for all periods, convertible notes payable and the incremental shares of common stock issuable upon the conversion of convertible preferred stock.

When discontinued operations, extraordinary items, and/or the cumulative effect of an accounting change are present, income before any of such items on a per share basis represents the “control number” in determining whether potential shares of common stock are dilutive or anti-dilutive. Thus, the same number of potential shares of common stock used in computing diluted EPS for income from continuing operations is used in calculating all other reported diluted EPS amounts. In the case of a net loss, it is assumed that no incremental shares would be issued because they would be anti-dilutive. In addition, certain options and warrants are considered anti-dilutive because the exercise prices were above the average market price during the period. Anti-dilutive shares are not included in the computation of diluted EPS, in accordance with SFAS No. 128.

The following table shows the amounts used in computing earnings per common share and the average number of shares of dilutive potential common stock:

| For the Three Months<br>Ended March 31,                  | 2009         | 2008       |
|--|--------------|------------|
| Net income (loss)  | \$ (325,712) | \$ 419,121 |
| Preferred stock<br>dividends                             | ---          | ---        |
| Net income (loss)<br>available to common<br>shareholders | \$ (325,712) | \$ 419,121 |
| Basic weighted average<br>shares outstanding             | 55,172,725   | 52,635,432 |
| Dilutive effect of:                                      |              |            |
| Stock options  | ---          | ---        |
| Warrants   | ---          | ---        |
| Diluted weighted<br>average shares<br>outstanding        | 55,172,725   | 52,635,432 |

RECENT ACCOUNTING PRONOUNCEMENTS

Financial Guarantee Insurance Contracts

In May 2008, the FASB issued SFAS No. 163, Accounting for Financial Guarantee Insurance Contract-and Interpretation of FASB Statement No. 60 to clarify how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement of premium revenue and claims liabilities. SFAS No. 163 also requires expanded disclosures about financial guarantee insurance contracts. SFAS No. 163 is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. Adoption of SFAS No. 163 did not have a material impact on our condensed consolidated financial statements.

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### GAAP Hierarchy

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles, to identify the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP. SFAS No. 162 directs the GAAP hierarchy to the entity, not the independent auditors, as the entity is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. SFAS No. 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to remove the GAAP hierarchy from the auditing standards. We do not expect SFAS No. 162 to have a material impact on our condensed consolidated financial statements.

### Derivative Instruments

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, to improve financial reporting about derivative instruments and hedging activities. The standard requires enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008. Adoption of SFAS No. 161 did not have a material impact on our condensed consolidated financial statements.

### Noncontrolling Interests

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51. SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. Adoption of SFAS No. 160 did not have a material impact on our condensed consolidated financial statements.

### Business Combinations

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations. SFAS No. 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008. We will apply the guidance of SFAS No. 141(R) to business combinations completed on or after January 1, 2009.

### Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, to provide enhanced guidance for using fair value to measure assets and liabilities. The standard also expands disclosure requirements for assets and liabilities measured at fair value, how fair value is determined, and the effect of fair value measurements on earnings. The standard applies whenever other authoritative literature requires, or permits, certain assets or liabilities to be measured at fair value, but does not expand the use of fair value. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. In February 2008, the FASB issued Staff Positions 157-1 and 157-2 which partially defer the effective date of

SFAS No. 157 for one year for certain nonfinancial assets and liabilities and remove certain leasing transactions from its scope. Our adoption of SFAS No. 157 for financial assets and liabilities did not have a material impact on our consolidated financial statements. The impact of adoption of SFAS No. 157 on non-financial assets and liabilities is not expected to have a significant impact on our financial position, results of operations and cash flows.

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## RECLASSIFICATIONS

Certain accounts in our 2008 financial statements have been reclassified for comparative purposes to conform with the presentation in our 2009 financial statements.

## NOTE 2 – GOING CONCERN

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States applicable to a going concern. As of March 31, 2009, we had a year-to-date net loss of \$325,712, and negative working capital of \$1,215,332 and \$1,103,495, and an accumulated deficit of \$8,383,089 and \$8,057,377 as of March 31, 2009 and December 31, 2008, respectively. Although these factors raise substantial doubt as to our ability to continue as a going concern through December 31, 2009, we have taken several actions to mitigate against this risk. These actions include relying on the approximately \$387,000 cash reserve from the sale of our Membership Plus product line and pursuing mergers and acquisitions that will provide profitable operations and positive operating cash flow.

## NOTE 3 – INVENTORIES

At March 31, 2009, inventories consisted of the following:

|                                     |           |
|-------------------------------------|-----------|
| Raw materials                       | \$ 62,770 |
| Finished goods                      | 29,592    |
| Less reserve for obsolete inventory | (13,800)  |
| Inventories                         | \$ 78,562 |

## NOTE 4 – PRODUCT LINE ACQUISITION

On February 25, 2008, we acquired the FormTool software product line from ORG Professional, LLC. The purchase price of approximately \$226,000 was comprised as follows:

| Description                | Amount     |
|----------------------------|------------|
| Fair value of common stock | \$ 40,000  |
| Cash                       | 100,000    |
| Promissory note            | 85,934     |
| Total                      | \$ 225,934 |

The fair value of our common stock was determined based on 1,000,000 restricted shares of our common stock issued and priced at the closing price as of February 22, 2008 (\$0.04).

The allocation of the purchase price to the assets acquired based on their estimated fair values was as follows:

| Description             | Amount    |
|-------------------------|-----------|
| Trademark/Trade name    | \$ 67,780 |
| Internet domain names   | 33,890    |
| Customer list           | 22,594    |
| Copyrights              | 67,780    |
| Computer software code  | 22,594    |
| Distribution agreements | 11,296    |

Total \$ 225,934

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The assets will be amortized over a period of years as follows:

| Description                                       | Estimated Remaining Life (years) |
|---|----------------------------------|
| Trademark/Trade name/Copyrights                   | 10                               |
| Internet domain names                             | 5                                |
| Customer list/Computer software code              | 3                                |
| Distribution agreements (remaining contract term) | .33                              |

One of our outside directors currently owns a 5% equity interest in ORG Professional, LLC, and agreed to forego any direct personal economic benefit to which he would otherwise be entitled, including the restricted shares of our common stock issuable as part of the consideration.

During the three months ended March 31, 2009 and 2008, sales from the FormTool software product line were approximately 5% and 1%, respectively, of our gross sales.

## NOTE 5 – RESERVES AND ALLOWANCES

At March 31, 2009, the allowance for doubtful accounts included in Accounts receivable, trade, net, consisted of the following:

|  |           |
|--|-----------|
| Balance December 31, 2008                                  | \$ 16,300 |
| Bad debts provision (included in Other operating expenses) | 7,214     |
| Accounts written off                                       | (8,928)   |
| Collection of accounts previously written off              | 14        |
| Balance March 31, 2009                                     | \$ 14,600 |

At March 31, 2009, the reserve for obsolete inventory included in Inventories consisted of the following:

|                                  |           |
|----------------------------------|-----------|
| Balance December 31, 2008        | \$ 15,500 |
| Provision for obsolete inventory | ---       |
| Obsolete inventory written off   | (1,700)   |
| Balance March 31, 2009           | \$ 13,800 |

At March 31, 2009, the reserve for sales returns included in Other current liabilities consisted of the following:

|                                  |            |
|----------------------------------|------------|
| Balance December 31, 2008        | \$ 119,821 |
| Return provision – sales         | 71,600     |
| Return provision – cost of sales | (10,740)   |

|                        |           |
|------------------------|-----------|
| Returns processed      | (85,297)  |
| Balance March 31, 2009 | \$ 95,384 |

## NOTE 6 – DEBT

At March 31, 2009, long-term debt consisted of the following:

|  |    |           |
|--|----|-----------|
| Capital lease obligation payable to a corporation due November 2009 in monthly installments of \$1,144, including interest at 11.7%. Secured by telephone equipment.   | \$ | 8,762     |
| Unsecured term note payable to a shareholder due March 2008 in monthly installments of \$10,000, plus interest at 8%, through April 2007, and monthly installments of \$20,000, plus interest at 8%, beginning May 2007. Interest on overdue principal accrues at 15%. |    | 56,000    |
| Unsecured term note payable to a limited liability company due February 2010 in monthly installments of \$4,167, including simple interest at 15%. See Note 4.   |    | 49,709    |
| Total Long-term debt   |    | 114,471   |
| Less: Current maturities   |    | (114,471) |
| Long-term debt, net  | \$ | ---       |

At March 31, 2009, we were current on the capital lease obligation. We are in arrears for the final three payments of the unsecured term note payable to a shareholder and the unsecured term note payable to a limited liability company.

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## NOTE 7 – STOCKHOLDERS' EQUITY

## COMMON STOCK

In March 2009, we committed to issue a total of 3,357,143 restricted shares of common stock consisting of 1,907,143 shares to our executive officers and 1,450,000 shares to our non-executive employees, at the closing price as of March 12, 2009 (\$0.021), in lieu of cash for services rendered from January 1, 2004 through December 31, 2008. This issuance was valued at \$70,500.

In March 2009, we committed to issue a total of 2,142,857 restricted shares of common stock to our outside directors, at the closing price as of March 12, 2009 (\$0.021) in lieu of cash payments of amounts accrued for service as members of our board from the period of April 1, 2008 through December 31, 2008. This issuance was valued at \$45,000.

## NOTE 8 – COMMITMENTS AND CONTINGENCIES

We are subject to legal proceedings and claims that arise in the ordinary course of our business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect our financial statements taken as a whole.

Our employment agreements with our management team each contain a provision for an annual bonus equal to 1% of our income from operations adjusted for other income and interest expense (3% total). We accrue this bonus on a quarterly basis. Our management team consists of the following:

|                          | Chief Executive<br>Officer | Chief<br>Technology<br>Officer | Chief Financial<br>Officer |
|--------------------------|----------------------------|--------------------------------|----------------------------|
| Base<br>Annual<br>Salary | \$ 150,000                 | \$ 150,000                     | \$ 110,000                 |

In addition to the bonus provisions and annual base salary, each employment agreement provides for payment of the following for termination by reason of disability.

|  | Accrued<br>Base<br>Salary | Accrued<br>Management<br>Bonus | Vested<br>Deferred<br>Vacation<br>Compensation |
|--|---------------------------|--------------------------------|--|
| Included in Other<br>current liabilities<br>at March 31,<br>2009 | \$ 12,098                 | ---                            | \$ 27,373                                      |

The agreements also provide for severance compensation equal to the then base salary until the later of (i) the expiration of the term of the agreement as set forth therein or (ii) one year, when the termination is other than for cause (including termination by reason of disability). There is no severance compensation in the event of voluntary termination or termination for cause.

We have included content in QuickVerse, our flagship software product, under contracts with publisher providers that have expired. We are currently pursuing resolution, however, there is no guarantee that we will be able to secure a new agreement, or an extension, and should any of the publishers demand we cease and desist including their content, the unknown potential negative impact could be material.

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Our royalty agreements for new content generally provide for advance payments to be made upon contract signing. In addition, several new agreements provide for additional advance payments to be made upon delivery of usable content and publication. We accrue and pay these advances when the respective milestone is met.

We do not collect sales taxes or other taxes with respect to shipments of most of our goods into most states in the U.S. Our fulfillment center and customer service center networks, and any future expansion of those networks, along with other aspects of our evolving business, may result in additional sales and other tax obligations. One or more states may seek to impose sales or other tax collection obligations on out-of-jurisdiction companies that engage in e-commerce. A successful assertion by one or more states that we should collect sales or other taxes on the sale of merchandise or services could result in substantial tax liabilities for past sales, decrease our ability to compete with traditional retailers, and otherwise harm our business.

Currently, decisions of the U.S. Supreme Court restrict the imposition of obligations to collect state and local taxes and use taxes with respect to sales made over the Internet. However, a number of states, as well as the U.S. Congress, have been considering various initiatives that could limit or supersede the Supreme Court's constitutional concerns and resulted in a reversal of its current position, we could be required to collect sales and use taxes in additional states. The imposition by state and local governments of various taxes upon Internet commerce could create administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on all of our online competitors and decrease our future sales.

NOTE 9 – RISKS AND UNCERTAINTIES

Our future operating results may be affected by a number of factors. We depend upon a number of major inventory and intellectual property suppliers. If a critical supplier had operational problems or ceased making materials available to us, operations could be adversely affected.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements made in this Quarterly Report on Form 10-Q are "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Findex.com, Inc. ("we", "us", "our" or the "Company") to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. The Company's plans and objectives are based, in part, on assumptions involving the continued expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance the forward-looking statements included in this Quarterly Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

This information should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto included in Item 1 of Part I of this quarterly report, and our audited financial statements and the notes thereto and our Management's Discussion and Analysis of Financial Condition and Results of Operation contained in our annual report on Form 10-K for the fiscal year ended December 31, 2008.

Description of Business

We develop, publish, market, and distribute and directly sell off-the-shelf consumer and organizational software products for PC, Macintosh® and PDA platforms. We develop our software products through in-house initiatives supplemented by outside developers. We market and distribute our software products principally through direct marketing and Internet sales programs, but also through secular and non-secular wholesale retailers.

We are currently in the early stages of a defining transformative period in our development. In recent years, we have come to be recognized as a consumer desktop software company that serves a demographic defined largely by an interest in Christianity and faith-based "inspirational" values. The nature of our products historically, and the fact that our product lines have not extended materially beyond the boundaries of this affinity group, have fostered this perception. Indeed, as the publisher of one of the industry-leading Bible study desktop software products, QuickVerse®, we are known to many users of that product only as "QuickVerse", not Findex. While we believe that the QuickVerse® brand is among our most valuable assets, and we greatly value the goodwill that our reputation in this regard has engendered, we also believe that working to expand that reputation into one which is more closely associated with providing high quality branded software and content products generally – and ones that extend across both consumer and business segments – will afford us significantly greater opportunities in both the near and long term to steadily increase revenues and earnings, and, ultimately, to enhance shareholder value. We believe, moreover, that coupling this strategic diversification with a commitment to an increasing reliance on a sales and distribution model through which our products are sold on a subscription basis and can be purchased and downloaded directly from us online will be instrumental in furthering these financial objectives. Consequently, while we expect to continue for the indefinite future to invest substantially in the growth and development of our existing primary software titles and content, we also expect as we go forward to invest substantially in not only building a significantly more diverse line

of product titles, but also in building our technology platform and infrastructure so as to enable our evolution over time into a principally Webcentric provider of software solutions, content, and online products.

As part of that objective, we acquired FormTool.com and the FormTool® line of products in February 2008. In September 2008, we re-launched the FormTool.com website as an online marketplace for purchasing the FormTool® line of form creation and form filler products, and also a one-stop shop for finding, purchasing and downloading customizable forms for a wide range of business and consumer needs. Our model includes the ability to purchase forms on an individual basis, in bulk packs, or on a subscription basis.

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## Management Overview

During the first quarter of 2009, we focused on our two product lines, QuickVerse® and FormTool®. Specifically, for our QuickVerse® product line, we released an upgraded software title as well as a new content collection. These titles include:

Sermon Builder 5.0 with a retail price of \$69.95; and  
Charles H. Spurgeon Collection with a retail price of \$69.95.

In addition, during the first quarter of 2009 our development team worked on a new edition to our quickverse.com website which will enable QuickVerse® users to quickly find and navigate through multiple troubleshooting scenarios online versus calling or emailing our technical support department. Although there can be no assurance, this new addition to our website is scheduled to be launched in the second quarter of 2009. Furthermore, we began revamping our website for our FormTool® product line in order to add greater functionality to the website. Although there can be no assurance, this revamped website is scheduled to be launched in the second quarter of 2009. We continue to concentrate on building our technology platform and infrastructure in order to become a more Webcentric provider of online products.

## Results of Operations for Quarters Ending March 31, 2009 and March 31, 2008

| Statements of Operations<br>for Quarters Ending March<br>31    | 2009         | 2008         | Change       |
|--|--------------|--------------|--------------|
| Net revenues   | \$ 578,321   | \$ 611,531   | \$ (33,210)  |
| Cost of sales  | (192,009)    | (254,909)    | 62,900       |
| Gross profit   | \$ 386,312   | \$ 356,622   | \$ 29,690    |
| Sales, marketing and<br>general and administrative<br>expenses | (706,523)    | (698,669)    | (7,854)      |
| Loss from operations   | \$ (320,211) | \$ (342,047) | \$ 21,836    |
| Other income (expenses),<br>net                                | (5,501)      | 4,894        | (10,395)     |
| Gain on fair value<br>adjustment of derivatives                | ---          | 305,620      | (305,620)    |
| Gain on settlement of<br>derivative liabilities                | ---          | 450,654      | (450,654)    |
| Income (loss) before<br>income taxes                           | \$ (325,712) | \$ 419,121   | \$ (744,833) |
| Income taxes   | ---          | ---          | ---          |
| Net income (loss)  | \$ (325,712) | \$ 419,121   | \$ (744,833) |

The differing results of operations are primarily attributable to the following:

- a decrease in net revenues for the three months ended March 31, 2009 partly attributable to the current economic downturn;
- a decrease in cost of sales for the three months ended March 31, 2009 due primarily to decreased direct costs and amortization of software development costs ; and
- most notably for the three months ended March 31, 2008:

the recognition of a gain related to the fair value adjustment of derivatives up to the settlement date of March 6, 2008 due to the fluctuation of our stock price; and  
the recognition of a gain on settlement of derivative liabilities in relation to warrants issued in November 2004 and which were canceled on March 6, 2008 in exchange for a single cash payment (\$150,000) that was less than the calculated fair value of the derivatives on such date.

Our software products are highly seasonal. More than 50% of our annual sales are expected to occur in the five months of September through January; the five months of April through August are generally our weakest, generating less than 30% of our annual sales.

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## Revenues

The following table presents our revenues for the three months ended March 31, 2009 and March 31, 2008 and dollar and percentage changes from the prior year.

|   | Change     |               |            |               |             |     |
|---|------------|---------------|------------|---------------|-------------|-----|
| Revenues<br>for Three<br>Months<br>Ending<br>March 31   | 2009       | % to<br>Sales | 2008       | % to<br>Sales | \$          | %   |
| Gross<br>revenues                                       | \$ 650,061 | 100%          | \$ 671,932 | 100%          | \$ (21,871) | 3%  |
| Less<br>estimated<br>sales returns<br>and<br>allowances | (71,740)   | 11%           | (60,401)   | 9%            | (11,339)    | 19% |
| Net<br>revenues   | \$ 578,321 | 89%           | \$ 611,531 | 91%           | \$ (33,210) | 5%  |

During each of the three months ended March 31, 2009 and 2008, our sales efforts were focused on directly targeting end-users through telemarketing and Internet sales. Due to the increased frequency and consistency in our development schedule, and the annual releases of our flagship product, QuickVerse®, upgrade sales have not been increasing at as rapid a rate as they have in previous years; and therefore, we experienced a decrease in gross revenues for the three months ended March 31, 2009. Although there can be no assurance, we anticipate that our revenues in the future related to the QuickVerse® product line will remain consistent with our 2008 quarterly and annual figures as we continue to expand the content made available for our QuickVerse® products, develop new products for multiple platforms, offer our products at a range of price points intended to appeal to various market sub-segments and offer new venues to gain access to the expanded content available for our QuickVerse® customers.

During the three months ended March 31, 2009, we did recognize approximately \$30,000 in revenue from the FormTool® product line, which we acquired in February 2008. We do anticipate our revenues in relation to the FormTool® product line to increase in the near-term based on our launch of the new and enhanced FormTool.com website and our annual upgrade release of the FormTool® desktop product line in September 2008.

As a percentage of gross revenues, our sales returns and allowances increased for the three months ended March 31, 2009 compared to March 31, 2008. Typically, product returns trend upward after a new version is released as distributors and retail stores return old product in exchange for the new version release. As anticipated for the three months ended March 31, 2009, distributors and retail stores finalized their old product exchange of QuickVerse® 2008 for the new version release QuickVerse® 2009. Furthermore, for the three months ended March 31, 2009 we increased our reserve of sales returns due to the current economic environment. Generally going forward, it is our objective to release enhanced versions of our biggest-selling products on an annual basis, and as a percentage of gross revenues we anticipate sales returns and allowances to decrease over time as a result of increased stability in the functionality of our products, decreasing reliance on retail sales and increasing reliance on direct sales, which have historically resulted in fewer returns, and improved planning in the timing of new product version releases.

## Cost of Sales

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The following table presents our cost of sales for the three months ended March 31, 2009 and March 31, 2008 and dollar and percentage changes from the prior year.

| Cost of Sales<br>for<br>Three Months<br>Ending March<br>31   | Change     |     |            |     |             |     |
|--|------------|-----|------------|-----|-------------|-----|
|  | 2009       |     | 2008       |     | Change      |     |
|  | \$         | %   | \$         | %   | \$          | %   |
| Direct costs   | \$ 57,849  | 9%  | \$ 75,742  | 11% | \$ (17,893) | 24% |
| Less estimated<br>cost of sales<br>returns and<br>allowances | (10,740)   | 2%  | (9,105)    | 1%  | (1,635)     | 18% |
| Amortization<br>of software<br>development<br>costs          | 51,645     | 8%  | 90,215     | 13% | (38,570)    | 43% |
| Royalties  | 45,620     | 7%  | 45,222     | 7%  | 398         | 1%  |
| Freight-out  | 26,795     | 4%  | 34,036     | 5%  | (7,241)     | 21% |
| Fulfillment  | 20,840     | 3%  | 18,799     | 3%  | 2,041       | 11% |
| Cost of sales  | \$ 192,009 | 30% | \$ 254,909 | 38% | \$ (62,900) | 25% |

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Cost of sales consists primarily of direct costs, amortization of capitalized software development costs, non-capitalized technical support wages, royalties accrued to third party providers of intellectual property and the costs associated with reproducing, packaging, fulfilling and shipping our products.

The net decrease in cost of sales between the three months ended March 31, 2009 and the corresponding period during 2008 is predominately attributable to decreased direct costs and amortization of software development costs. The decrease in direct costs is a result of scaling down our technical support department as our products continue to become more functionally stable. Furthermore, the decreased amount of new and/or enhanced product releases during the fiscal year 2008 led to the decreased amount of amortization for the three months ended March 31, 2009.

Royalties remained relatively stable in real terms and as a percentage of gross revenues for the three months ended March 31, 2009. However, our royalty accruals are expected to increase in the future in real terms as sales to new customers increase, more development projects are implemented for new and/or enhanced products, and as we continue to expand the content available for our QuickVerse® line of products. Upgrade sales will remain only subject to royalties on their content additions.

The decrease in freight costs in real terms and as a percentage of gross revenues is a result of decreased sales volume as well as our internal transformation to provide more of our software products to be delivered via a download from our website. Although there can be no assurance, we anticipate freight costs to continue on a downward trend as we focus our sales efforts on direct and/or upgrade sales and continue to advertise and enhance the ability to offer our software products as downloads from our website.

The amortization recognized during the three months ended March 31, 2009 resulted mainly from the following software releases:

- FormTool® 7.0 (released September 2008),
- QuickVerse® 2009 (released October 2008),
- Charles H. Spurgeon Collection (released February 2009),
- Sermon Builder 5.0 (released March 2009) and
- Multiple new content additions for QuickVerse® products (released April 2007 through November 2008).

Comparatively, during the three months ended March 31, 2008, the amortization recognized resulted mainly from the following software releases:

- QuickVerse® 2007 (released August 2006),
- QuickVerse® 2007 Mobile (released December 2006),
- QuickVerse® 2007 Macintosh (released March 2007),
- QuickVerse® 2008 (released November 2007) and
- Multiple new content additions for QuickVerse® products (released April through October 2007).

As stated above, the decrease in amortization for the three months ended March 31, 2009 is the result of fewer development projects that were released during the fiscal year 2008. In the future, our objective is to realize overall increases in revenues due to aggressive product development and release schedules as well as the acquisitions of new product lines.

In the future, as we continue to implement our strategy to become a principally Webcentric provider of online products, we anticipate experiencing a decrease in cost of sales, specifically direct costs, freight and fulfillment, as more of our products will become available for download.

| Software Development<br>Costs For Three Months<br>Ending March 31,  |    |          | 2009 | 2008     |
|---|----|----------|------|----------|
| Beginning balance   | \$ | 330,018  | \$   | 392,172  |
| Capitalized   |    | 56,233   |      | 47,890   |
| Amortized (Cost of sales)   |    | (51,645) |      | (90,215) |
| Ending Balance  | \$ | 334,606  | \$   | 349,847  |
| Research and development<br>expense (General and<br>administrative) |    |          |      |          |
|   | \$ | 25,175   | \$   | 69,038   |

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For the three months ended March 31, 2009, the increase in capitalized costs as well as the decrease in research and development expense is the result of our development team focusing their efforts on several new software and website development projects. We continue to experience increased efficiency in our development output (both internal and external) as evidenced by our development project pace for the three months ended March 31, 2009 in relation to our QuickVerse® product line.

## Sales, General and Administrative

|  |            |            |            |            | Change     |     |
|--|------------|------------|------------|------------|------------|-----|
| Sales, General and Administrative Costs for Three Months Ending March 31 | 2009       | % to Sales | 2008       | % to Sales | \$         | %   |
| Selected expenses:   |            |            |            |            |            |     |
| Commissions  | \$ 1,500   | 0%         | \$ 43,260  | 6%         | \$(41,760) | 97% |
| Advertising and direct marketing   | 38,390     | 6%         | 46,180     | 7%         | (7,790)    | 17% |
| Sales and marketing wages  | 117,331    | 18%        | 98,703     | 15%        | 18,628     | 19% |
| Other sales and marketing costs  | 7,214      | 1%         | ---        | 0%         | 7,214      | 0%  |
| Total sales and marketing  | \$ 164,435 | 25%        | \$ 188,143 | 28%        | \$(23,708) | 13% |
| Personnel costs  | \$ 190,714 | 29%        | \$ 133,495 | 20%        | \$ 57,219  | 43% |
| Amortization and depreciation  | 123,696    | 19%        | 109,140    | 16%        | 14,556     | 13% |
| Research and development   | 25,175     | 4%         | 69,038     | 10%        | (43,863)   | 64% |
| Other general and administrative costs                                   | 202,503    | 31%        | 198,853    | 30%        | 3,650      | 2%  |
| Total general and administrative   | \$ 542,088 | 83%        | \$ 510,526 | 76%        | \$ 31,562  | 6%  |
| Total sales, marketing, general and administrative                       | \$ 706,523 | 109%       | \$ 698,669 | 104%       | \$ 7,854   | 1%  |

As gross revenues decreased for the three months ended March 31, 2009, total sales and marketing costs also decreased. Commissions decreased significantly as we have discontinued our contract with a third party for telemarketing services. Although there can be no assurance, we do not anticipate relying on a third party for telemarketing services in the future, and therefore, we anticipate third party commissions to further decrease in the

future. Advertising and direct marketing costs also decreased as we managed to cut our costs due to the decreased gross revenues. We anticipate advertising and direct marketing costs to remain relatively stable in future periods while we continue to enhance our product visibility online, increase and focus more on our direct marketing efforts, yet limit the scope and frequency of our print advertising campaigns to those that we can capitalize on the most in order to maximize sales associated with new products, product enhancements and potential new product lines. During the three months ended March 31, 2009, sales and marketing wages - reclassified, increased as we recognized approximately \$21,000 of expense related to 725,000 restricted shares of common stock issued to our sales team employees. While we would like to expand our in-house direct-telemarketing sales team in relation to our current and potential new product lines, we may not be able to do so in the immediate future due to the current economic climate. Therefore, we anticipate our sales and marketing wages to remain relatively steady in future periods.

In addition to the increase in total net personnel costs, gross direct salaries and wages, before adjustments of capitalized wages and reclassifications, increased approximately \$73,000, from approximately \$316,000 for the three months ended March 31, 2008 to approximately \$389,000 for the three months ended March 31, 2009. For the three months ended March 31, 2009, we recognized approximately \$112,000 of expense related to 3,357,143 restricted shares of common stock issued to employees as compensation for services rendered January 1, 2004 through December 31, 2008. However, at the same time we experienced a decrease in regular salaries and wages as a result of the departure of a member of the product development team as we have streamlined this department with external, independently contracted developers and the reduction in our technical support staff as our software products become more stable. As a percentage of gross revenues, gross direct salaries and wages increased approximately 13% from approximately 47% for the three months March 31, 2008 to approximately 60% for the three months ended March 31, 2009. Due to this significant increase as well as the current economic climate, we anticipate direct salaries and wages to decrease slightly in the future.

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The increase in the amortization and depreciation expense is mainly attributable to the increase in amortization. The software license we acquired in 1999, from which we derive our base intellectual property rights associated with the products that are responsible for generating the overwhelming majority of our revenues (the “1999 license”), is being amortized over a 10 year useful life and will have been fully amortized by the close of the year ending December 31, 2009. Amortization expense for the three months ended March 31, 2009 and 2008 reflect the continual amortization of the 1999 license as well as the amortization of the FormTool® assets we acquired in February 2008. The FormTool® assets are amortized over a period of years that range from less than one year to ten years and approximate \$3,000 of amortization expense each month. In addition, for the three months ended March 31, 2009 we recognized amortization expense for our FormTool® website, www.formtool.com, which was successfully re-launched in September 2008. Overall, we anticipate amortization and depreciation expense to decrease in future periods as the amortization related to the 1999 license will cease.

Research and development costs include direct production costs (including labor directly associated with the development projects), indirect costs (including allocated fringe benefits, payroll taxes, facilities costs and management supervision), and other direct costs (including costs of outside consultants, purchased software to be included in the software product being developed, travel expenses, material and supplies, and other direct costs). The decrease in software development costs related to third-party developers and direct labor expensed as research and development reflects more capitalization of research and development costs for the three months ended March 31, 2009. Comparatively, during the three months ended March 31, 2008 our development staff was faced with greater maintenance issues than anticipated due to a new layout and engine design within the QuickVerse® 2008 product line which ultimately resulted in an increase in research and development costs expensed. In future periods, we anticipate research and development expenses to slightly decrease as we have experienced increased efficiency in our development output (both internal and external).

### Gain on Fair Value Adjustment of Derivatives

In connection with warrants issued in November 2004, a non-cash fair value adjustment of approximately \$306,000 has been included in other income for the three months ended March 31, 2008. These warrants were accounted for as a liability according to the guidance of EITF 00-19, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company’s Own Stock and the guidance of EITF 00-19-2, Accounting for Registration Payment Arrangements. These warrants were canceled on March 6, 2008 and there is no recognition, therefore, of a derivative liability on our December 31, 2008 balance sheet. Furthermore, we will not experience a non-cash fair value adjustment related to these warrants which would be included in other expenses or other income beyond the date of March 6, 2008.

### Gain on Settlement of Derivative Liabilities

On March 6, 2008, we entered into and consummated an agreement with Barron Partners, LP in which warrants issued to that entity in November 2004 were immediately canceled in exchange for a single cash payment to Barron Partners, LP in the amount of \$150,000. As a result of this transaction, these warrants are now null and void for all purposes. We recorded a one time gain during the three months ended March 31, 2008 due to the agreement calling for a cash payment that was less than the Black-Scholes calculated fair value of the derivatives on such date.

### Income Taxes

For the three months ended March 31, 2009 and 2008, based on uncertainty about the timing of and ability to generate future taxable income and our assessment that the realization of the deferred tax assets no longer met the “more likely than not” criterion for realization, we provided for a full valuation allowance against our net deferred tax assets. If we determine that it is more likely than not that we will be able to realize our deferred tax assets in the future, an

adjustment to the deferred tax asset valuation allowance would be recorded in the period when such determination is made.

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## Liquidity And Capital Resources

Our primary needs for liquidity and capital resources are the working capital requirements of our continued operations, which includes the ongoing internal development of new products, expansion and upgrade of existing products, and marketing and sales, as well as funding for the acquisition of new product lines and/or companies. At this time it is unlikely that cash generated through our continuing operations will be sufficient to sustain our continuing operations. Furthermore, our pursuit of an aggressive growth plan, whether based on internally developed products, licensing opportunities, or strategic product line and/or company acquisitions, will likely require funding from outside sources or the divestiture of one or more existing product lines (as occurred with respect to our Membership Plus® product line). Funding from outside sources may include but is not limited to the pursuit of other financing options such as commercial loans, common stock and/or preferred stock issuances and convertible notes. At this time, we have no legally committed funds for future capital expenditures.

The divestiture of our Membership Plus® product line in October 2007 was driven by a combination of our need to raise cash and a strategic determination to begin a long-term shift in our product lines away from those within the faith-based vertical market and more towards those that extend across the business-to-business and consumer segments more generally. With a portion of the funds we realized from the sale of our Membership Plus® product line, we purchased FormTool® in February 2008 which was our first product line acquisition outside of the faith-based market. Although there can be no assurance, we anticipate acquiring additional product lines and/or entering into business combinations which will either replace or increase the revenue and free cash flow previously produced by the Membership Plus® product line.

|                     | March 31,<br>2009 | December<br>31, 2008 |
|---------------------|-------------------|----------------------|
| Working Capital     |                   |                      |
| Current assets      | \$ 580,276        | \$ 712,066           |
| Current liabilities | \$ 1,795,608      | \$ 1,815,561         |
| Retained deficit    | \$ 8,383,089      | \$ 8,057,377         |

While liquidity for our day-to-day continued operations remains an ongoing concern for us, and while there can be no continuing assurance, given the fact that a substantial portion of our net sales – 57% of which we collected during the year ended December 31, 2008 through credit card processing transactions – are able to be collected in a much shorter timeframe (several days) than that in which we must generally pay our trade payables (30 days) and our accrued royalties (quarterly, semi-annually, or annually), the situation suggested by our consistently and significantly negative ratio of current assets to current liabilities has historically been manageable.

| Cash Flows for Three<br>Months Ending March<br>31        | 2009        | 2008         | Change     | %    |
|--|-------------|--------------|------------|------|
| Cash flows provided<br>(used) by operating<br>activities | \$ 38,212   | \$ (92,835)  | \$ 131,047 | 141% |
| Cash flows (used) by<br>investing activities             | \$ (68,013) | \$ (161,750) | \$ 93,737  | 58%  |
| Cash flows (used) by<br>financing activities             | \$ (6,616)  | \$ (155,865) | \$ 149,249 | 96%  |

Net cash provided by operating activities increased for the three months ended March 31, 2009 primarily due to a reduction in payments made to content providers and vendors.

The decrease in net cash used by investing activities for the three months ended March 31, 2009 was due to the lack of investing activities. Comparatively, the cash used by investing activities for the three months ended March 31, 2008 was a result of the purchase of FormTool® in February 2008.

The decrease in net cash used by financing activities for the three months ended March 31, 2009 was the result of only having continued payments made on long-term notes payable. Comparatively for the three months ended March 31, 2008, cash used by financing activities included payments made on long term notes payable as well as a settlement payment to Barron Partners, LP in the amount of \$150,000 in exchange for the cancellation of the warrants issued in November 2004.

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### Financing

We have been unable to secure bank financing due to our internal financial ratios and negative working capital position and do not expect that we will be successful in securing any such financing unless and until our ratios in this regard improve. However, it may be possible to secure financing on our open accounts receivable in order to satisfy our future financing needs. Equity financing, too, remains an option for us, though no definitive prospects for any such financing have been specifically identified.

### Contractual Liabilities

In May 2007, we secured an operating lease with a third-party for our corporate office facility in Omaha, Nebraska with terms extending through May 2012. We also secured an operating lease with a third-party for a warehouse facility in Omaha, Nebraska with terms extending through June 2010. In accordance with the terms of these leasehold agreements, we are responsible for all associated taxes, insurance and utility expenses.

At March 31, 2009, the total future minimum rental payments required under these leases is approximately \$198,000 through the year 2012.

We lease telephone equipment under a capital lease due to expire in November 2009. The asset and liability under the capital lease are recorded at the present value of the minimum lease payments. The asset is depreciated over a 5 year life. Total minimum future lease payments under capital leases as of March 31, 2009 is approximately \$9,000 through the year 2009.

### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

### Contractual Obligations

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide this information.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide this information.

## ITEM 4T. CONTROLS AND PROCEDURES.

### Evaluation of Disclosure Controls and Procedures

As required by paragraph (b) of Rule 13a-15 under the Exchange Act, our principal executive and principal financial officers are responsible for assessing the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(f) under the Exchange Act). Accordingly, we maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and

procedures as of the end of the period covered by this Quarterly Report on Form 10-Q March 31, 2009, and have determined that such disclosure controls and procedures are effective.

#### Changes in Internal Controls

There were no changes in our internal control over financial reporting during the fiscal quarter covered by this report that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On April 27, 2009, we received a letter from counsel for the plaintiff, Gary Odom, in a civil proceeding that has been commenced in federal district court against Findex, among numerous other co-defendants, notifying us of such proceeding. The action alleges that our QuickVerse® product incorporates certain patented source code owned by the plaintiff and for which no appropriate authorization has been granted to Findex. While we are of the belief that the intellectual property infringement claims asserted against us in this action are without merit, any such claims, whether or not meritorious, could result in costly litigation or require us to enter into royalty or licensing agreements. If we are found to have infringed the proprietary rights of others, we could be required to pay damages, redesign the products or discontinue their sale. Any of these outcomes, individually or collectively, could have a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations.

As of the date of this quarterly report on Form 10-Q for the period ended March 31, 2009, and to the best knowledge of our officers and directors, there were no other pending material legal proceedings to which we were a party and we were not aware that any were contemplated. There can be no assurance, however, that we will not be made a party to litigation in the future.

ITEM 1A. RISK FACTORS.

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

There were no reportable events under this Item 3 during the quarterly period ended March 31, 2009.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

There were no reportable events under this Item 3 during the quarterly period ended March 31, 2009.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of our stockholders during the quarterly period ended March 31, 2009.

ITEM 5. OTHER INFORMATION.

There were no reportable events under this Item 5 during the quarterly period ended March 31, 2009.

ITEM 6. EXHIBITS.

Exhibits required by Item 601 of Regulation S-K.

No. Description of Exhibit

2.1 Share Exchange Agreement between Findex.com, Inc. and the stockholders of Reagan Holdings, Inc. dated March 7, 2000, incorporated by reference to Exhibit 2.1 on Form 8-K filed March 15, 2000.

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- 3(i)(1) Restated Articles of Incorporation of Findex.com, Inc. dated June 1999 incorporated by reference to Exhibit 3.1 on Form 8-K filed March 15, 2000.
- 3(i)(2) Amendment to Articles of Incorporation of Findex.com, Inc. dated November 10, 2004 incorporated by reference to Exhibit 3.1(ii) on Form 10-QSB filed November 10, 2004.
- 3(ii) Restated By-Laws of Findex.com, Inc., incorporated by reference to Exhibit 3.3 on Form 8-K filed March 15, 2000.
- 10.1 Stock Incentive Plan of Findex.com, Inc. dated May 7, 1999, incorporated by reference to Exhibit 10.1 on Form 10-KSB/A filed May 13, 2004.
- 10.2 Share Exchange Agreement between Findex.com, Inc. and the stockholders of Reagan Holdings Inc., dated March 7, 2000, incorporated by reference to Exhibit 2.1 on Form 8-K filed March 15, 2000.
- 10.3 License Agreement between Findex.com, Inc. and Parsons Technology, Inc. dated June 30, 1999, incorporated by reference to Exhibit 10.3 on Form 10-KSB/A filed May 13, 2004.

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- 10.4 Employment Agreement between Findex.com, Inc. and Steven Malone dated July 25, 2003, incorporated by reference to Exhibit 10.4 on Form 10-KSB/A filed May 13, 2004.
- 10.5 Employment Agreement between Findex.com, Inc. and Kirk Rowland dated July 25, 2003, incorporated by reference to Exhibit 10.5 on Form 10-KSB/A filed May 13, 2004.
- 10.6 Employment Agreement between Findex.com, Inc. and William Terrill dated June 7, 2002, incorporated by reference to Exhibit 10.6 on Form 10-KSB/A filed May 13, 2004.
- 10.7 Restricted Stock Compensation Agreement between Findex.com, Inc. and John A. Kuehne dated July 25, 2003, incorporated by reference to Exhibit 10.7 on Form 10-KSB/A filed May 13, 2004.
- 10.8 Restricted Stock Compensation Agreement between Findex.com, Inc. and Henry M. Washington dated July 25, 2003, incorporated by reference to Exhibit 10.8 on Form 10-KSB/A filed May 13, 2004.
- 10.9 Restricted Stock Compensation Agreement between Findex.com, Inc. and William Terrill dated July 25, 2003, incorporated by reference to Exhibit 10.9 on Form 10-KSB/A filed May 13, 2004.
- 10.10 Stock Purchase Agreement, including the form of warrant agreement, between Findex.com, Inc. and Barron Partners, LP dated July 19, 2004, incorporated by reference to Exhibit 10.1 on Form 8-K filed July 28, 2004.
- 10.11 Amendment No. 1 to Stock Purchase Agreement between Findex.com, Inc. and Barron Partners, LP dated September 30, 2004, incorporated by reference to Exhibit 10.3 on Form 8-K filed October 6, 2004.
- 10.12 Registration Rights Agreement between Findex.com, Inc. and Barron Partners, LP dated July 26, 2004, incorporated by reference to Exhibit 10.2 on Form 8-K filed July 28, 2004.
- 10.13 Waiver Certificate between Findex.com, Inc. and Barron Partners, LP dated September 16, 2004, incorporated by reference to Exhibit 10.4 on Form 8-K filed October 6, 2004.
- 10.14 Settlement Agreement between Findex.com, Inc., The Zondervan Corporation, Mattel, Inc., TLC Multimedia, Inc., and Riverdeep, Inc. dated October 20, 2003, incorporated by reference to Exhibit 10.14 on Form 10-KSB/A filed December 14, 2005.
- 10.15 Employment Agreement Extension between Findex.com, Inc and Steven Malone dated March 31, 2006, incorporated by reference to Exhibit 10.1 on Form 8-K filed April 6, 2006.
- 10.16 Employment Agreement Extension between Findex.com, Inc and William Terrill dated March 31, 2006, incorporated by reference to Exhibit 10.2 on Form 8-K filed April 6, 2006.
- 10.17 Employment Agreement Extension between Findex.com, Inc and Kirk R. Rowland dated March 31, 2006, incorporated by reference to Exhibit 10.3 on Form 8-K filed April 6, 2006.
- 10.18 Promissory Note to Barron Partners, LP dated April 7, 2006, incorporated by reference to Exhibit 10.1 on Form 8-K filed April 13, 2006.
- 10.19 Share Exchange Agreement between Findex.com, Inc. and the stockholders of Reagan Holdings Inc., dated March 7, 2000, incorporated by reference to Exhibit 2.1 on Form 8-K filed March 15, 2000.

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10.20 Convertible Secured Promissory Note between FindEx.com, Inc. and W. Sam Chandoha, dated July 20, 2006, incorporated by reference to Exhibit 10.1 on Form 8-K filed July 26, 2006.

10.21 Security Agreement between FindEx.com, Inc. and W. Sam Chandoha, dated July 20, 2006 incorporated by reference to Exhibit 10.2 on Form 8-K filed July 26, 2006.

10.22 Common Stock Purchase Warrant between FindEx.com, Inc. and W. Sam Chandoha, dated July 20, 2006 incorporated by reference to Exhibit 10.3 on Form 8-K filed July 26, 2006.

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- 10.23 Modification and Extension Agreement Between FindEx.com, Inc. and W. Sam Chandoha, dated September 20, 2006, incorporated by reference to Exhibit 10.1 on Form 8-K filed September 25, 2006.
- 10.24 Employment Agreement Extension Amendment between Findex.com, Inc. and Steven Malone dated April 13, 2007, incorporated by reference to Exhibit 10.24 on Form 10-KSB filed April 17, 2007.
- 10.25 Employment Agreement Extension Amendment between Findex.com, Inc. and William Terrill dated April 13, 2007, incorporated by reference to Exhibit 10.25 on Form 10-KSB filed April 17, 2007.
- 10.26 Employment Agreement Extension Amendment between Findex.com, Inc. and Kirk R. Rowland dated April 13, 2007, incorporated by reference to Exhibit 10.26 on Form 10-KSB filed April 17, 2007.
- 10.27 Asset Purchase Agreement between Findex.com, Inc. and ACS Technologies Group, Inc. dated October 18, 2007, incorporated by reference to Exhibit 10.27 on Form 8-K filed October 24, 2007.
- 10.28 Partial Assignment of License Agreement Among Findex.com, Inc., Riverdeep, Inc., LLC and ACS Technologies Group, Inc. dated October 11, 2007, incorporated by reference to Exhibit 10.28 on Form 8-K filed October 24, 2007.
- 10.29 Asset Purchase Agreement between Findex.com, Inc. and ORG Professional, LLC dated February 25, 2008, incorporated by reference to Exhibit 10.29 on Form 8-K filed on February 28, 2008.
- 10.30 Warrant Cancellation Agreement between Findex.com, Inc. and Barron Partners, L.P. dated March 6, 2008, incorporated by reference to Exhibit 10.30 on Form 8-K filed on March 10, 2008.
- 10.31 Employment Agreement Extension Amendment between Findex.com, Inc. and Steven Malone dated April 14, 2008, incorporated by reference to Exhibit 10.31 on Form 10-KSB filed on April 15, 2008.
- 10.32 Employment Agreement Extension Amendment between Findex.com, Inc. and William Terrill dated April 14, 2008, incorporated by reference to Exhibit 10.32 on Form 10-KSB filed on April 15, 2008.
- 10.33 Employment Agreement Extension Amendment between Findex.com, Inc. and Kirk R. Rowland dated April 14, 2008, incorporated by reference to Exhibit 10.33 on Form 10-KSB filed on April 15, 2008.
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and dated May 20, 2009. FILED HEREWITH.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and dated May 20, 2009. FILED HEREWITH.
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and dated May 20, 2009. FILED HEREWITH.

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Signatures

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FINDEX.COM,  
INC.

Date: May 20, 2009 By/s/ Steven  
Malone  
Steven Malone  
President and  
Chief  
Executive  
Officer

Date: May 20, 2009 By/s/ Kirk R.  
Rowland  
Kirk R.  
Rowland, CPA  
Chief Financial  
Officer  
(Principal  
Financial &  
Accounting  
Officer)

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